

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2015/2016

### BAC1824 – MANAGERIAL ACCOUNTING I

(All sections / Groups)

5 MARCH 2016  
2.30 pm – 4.30 PM  
(2 Hours)

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#### INSTRUCTIONS TO STUDENTS

1. This Question paper consists of 6 pages with TWO SECTIONS (excluding cover).  
SECTION A: TWENTY (20) MULTIPLE CHOICE QUESTIONS  
SECTION B: THREE (3) STRUCTURED QUESTIONS
2. Attempt **ALL** the questions. Distribution of the marks for each question is given.
3. Please write all your answers for Section A in the OMR sheet and your answers for Section B in the Answer Booklet provided.

**SECTION A (40 MARKS)**

1. Managerial accounting does not encompass
  - a. calculating product cost.
  - b. calculating earnings per share.
  - c. determining cost behavior.
  - d. profit planning.
2. The work of factory employees that can be physically and directly associated with converting raw materials into finished goods is
  - a. manufacturing overhead.
  - b. indirect materials.
  - c. indirect labor.
  - d. direct labor.
3. Which one of the following is an example of a period cost?
  - a. A change in benefits for the workers who work in the factory of a biscuit manufacturer
  - b. Workers' compensation insurance on factory workers' wages allocated to the factory
  - c. A box cost associated with computers
  - d. A manager's salary for work that is done in the corporate head office

Please use the following information to answer Questions 4 to 6

Belle Manufacturing Bhd's accounting records reflect the following inventories:

	<u>Dec. 31, 2015</u>	<u>Dec. 31, 2014</u>
Raw materials inventory	RM465,000	RM390,000
Work in process inventory	450,000	240,000
Finished goods inventory	285,000	225,000

During 2015, RM750,000 of raw materials were purchased, direct labor costs amounted to RM900,000, and manufacturing overhead incurred was RM720,000.

4. The total raw materials available for use during 2015 for Belle Manufacturing Bhd is
  - a. RM1,215,000.
  - b. RM390,000.
  - c. RM675,000.
  - d. RM1,140,000.
5. Belle Manufacturing Bhd's total manufacturing costs incurred in 2015 amounted to
  - a. RM2,295,000.
  - b. RM2,235,000.
  - c. RM2,085,000.
  - d. RM2,370,000.

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6. If Belle Manufacturing Bhd's cost of goods manufactured for 2015 amounted to RM2,085,000, its cost of goods sold for the year is
  - a. RM2,250,000.
  - b. RM1,875,000.
  - c. RM2,025,000.
  - d. RM2,145,000.
7. A major purpose of cost accounting is to
  - a. classify all costs as operating or nonoperating.
  - b. measure, record, and report period costs.
  - c. provide information to stockholders for investment decisions.
  - d. measure, record, and report product costs.
8. Which of the following would be accounted for using a job order cost system?
  - a. The production of personal computers
  - b. The production of automobiles
  - c. The refining of petroleum
  - d. The construction of a new campus building
9. The following information is available for completed Job No. 402: Direct materials, RM40,000; direct labor, RM60,000; manufacturing overhead applied, RM30,000; units produced, 5,000 units; units sold, 4,000 units. The cost of the finished goods on hand from this job is
  - a. RM20,000.
  - b. RM130,000.
  - c. RM26,000.
  - d. RM104,000.
10. If annual overhead costs are expected to be RM800,000 and direct labor costs are expected to be RM1,000,000, then
  - a. RM1.25 is the predetermined overhead rate.
  - b. for every dollar of manufacturing overhead, 80 sen of direct labor will be assigned.
  - c. for every dollar of direct labor, 80 sen of manufacturing overhead will be assigned.
  - d. a predetermined overhead rate cannot be determined.
11. If the manufacturing overhead costs applied to jobs worked on were greater than the actual manufacturing costs incurred during a period, overhead is said to be
  - a. underapplied.
  - b. overapplied.
  - c. in error.
  - d. prepaid.

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12. Fontain, Inc. collected the following production data for the past month:

<u>Units Produced</u>	<u>Total Cost</u>
1,600	RM44,000
1,300	38,000
1,500	45,000
1,100	33,000

If the high-low method is used, what is the monthly total cost equation?

- a. Total cost = RM8,800 + RM22/unit
  - b. Total cost = RM11,000 + RM20/unit
  - c. Total cost = RM0 + RM30/unit
  - d. Total cost = RM6,600 + RM24/unit
13. Clark Bhd produces flash drives for computers, which it sells for RM20 each. Each flash drive costs RM6 of variable costs to make. During April, 1,000 drives were sold. Fixed costs for March were RM2 per unit for a total of RM1,000 for the month. How much is the contribution margin ratio?
- a. 30%
  - b. 40%
  - c. 60%
  - d. 70%
14. A company sells a product which has a unit sales price of RM5, unit variable cost of RM3 and total fixed costs of RM200,000. The number of units the company must sell to break even is
- a. 100,000 units.
  - b. 40,000 units.
  - c. 400,000 units.
  - d. 66,667 units.
15. Which responsibility centers generate both revenues and costs?
- a. Investment and profit centers
  - b. Profit and cost centers
  - c. Cost and investment centers
  - d. Only profit centers
16. What the primary difference between a static budget and a flexible budget?
- a. The static budget contains only fixed costs, while the flexible budget contains only variable costs.
  - b. The static budget is prepared for a single level of activity, while a flexible budget is adjusted for different activity levels.
  - c. The static budget is constructed using input from only upper level management, while a flexible budget obtains input from all levels of management.
  - d. The static budget is prepared only for units produced, while a flexible budget reflects the number of units sold.

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Please use the following information to answer Question 17 to 20

Merriman Bhd provides the following ABC costing information:

<u>Activities</u>	<u>Total Costs</u>	<u>Activity-cost drivers</u>
Account inquiry hours	RM400,000	10,000 hours
Account billing lines	RM280,000	4,000,000 lines
Account verification accounts	RM150,000	40,000 accounts
Correspondence letters	RM 50,000	4,000 letters
Total costs	<u>RM880,000</u>	

The above activities are used by Departments A and B as follows:

	<u>Department A</u>	<u>Department B</u>
Account inquiry hours	2,000 hours	4,000 hours
Account billing lines	400,000 lines	200,000 lines
Account verification accounts	10,000 accounts	8,000 accounts
Correspondence letters	1,000 letters	1,600 letters

17. How much of the account inquiry cost will be assigned to Department A?
  - a. RM80,000
  - b. RM400,000
  - c. RM160,000
  - d. none of the above
  
18. How much of the account billing cost will be assigned to Department B?
  - a. RM28,000
  - b. RM280,000
  - c. RM14,000
  - d. none of the above
  
19. What is the overhead rate for account verification costs?
  - a. RM37.50 per account
  - b. RM4.00 per account
  - c. RM3.75 per account
  - d. RM6.00 per account
  
20. How much of the total costs will be assigned to Department A?
  - a. RM158,000
  - b. RM80,000
  - c. RM224,000
  - d. RM880,000

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**SECTION B****QUESTION ONE (20 MARKS)**

The Finishing Department of Edwards Manufacturing has the following production and cost data for July:

1. Transferred out, 3,000 units.
2. Started 2,000 units that are 40% completed at July 31.
3. Materials added, RM25,000; conversion costs incurred, RM11,400.

Materials are entered at the beginning of the process. Conversion costs are incurred uniformly during the process.

**Instructions**

- (a) Compute the equivalent units of production for materials and conversion costs for the month of July. (10 marks)
- (b) Compute unit costs and prepare a cost reconciliation schedule. (10 marks)

**QUESTION TWO (20 MARKS)**

Barone, Inc. manufactures one product called tybos. The company uses a standard cost system and sells each tybo for RM8. At the start of monthly production, Barone estimated 3,200 tybos would be introduced in March. Barone has established the following material and labor standards to produce one tybo:

	<u>Standard Quantity</u>	<u>Standard Price</u>
Direct materials	2.5 pounds	RM3 per pound
Direct labor	0.6 hours	RM10 per hour

During March 2015, the following activity was recorded by the company relating to the production of tybos:

1. The company produced 3,000 units during the month.
2. A total of 8,000 pounds of materials were purchased at a cost of RM22,000.
3. A total of 8,000 pounds of materials were used in production.
4. 1,600 hours of labor were incurred during the month at a total wage cost of RM17,600.

**Instructions**

Calculate the following variances for March for Barone, Inc.

- (a) Materials price variance (5 marks)
- (b) Materials quantity variance (5 marks)
- (c) Labor price variance (5 marks)
- (d) Labor quantity variance (5 marks)

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**QUESTION THREE (20 MARKS)**

Kuhn Bicycle Bhd has been manufacturing its own seats for its bicycles. The company is currently operating at 100% capacity, and variable manufacturing overhead is charged to production at the rate of 70% of direct labor cost. The direct materials and direct labor cost per unit to make the bicycle seats are RM5.00 and RM6.00, respectively. Normal production is 50,000 bicycles per year.

A supplier offers to make the bicycle seats at a price of RM14 each. If the bicycle company accepts this offer, all variable manufacturing costs will be eliminated, but the RM20,000 of fixed manufacturing overhead currently being charged to the bicycle seats will have to be absorbed by other products.

**Instructions**

- (a) Prepare the incremental analysis for the decision to make or buy the bicycle seats. (16 marks)
- (b) Should Kuhn Bicycle Bhd buy the seats from the outside supplier? Justify your answer. (4 marks)

**End of paper.**